

## **EXHIBIT B**



## **Financial Oversight and Management Board for Puerto Rico**

### **STATEMENT**

*San Juan, PR – February 28, 2020* – The Financial Oversight and Management Board for Puerto Rico today filed an amended Plan of Adjustment (the Plan) to restructure approximately \$35 billion of debt and other claims against the Commonwealth of Puerto Rico, the Public Building Authority, and the Employee Retirement System. The Plan reflects the new and more favorable Plan Support Agreement with certain bondholders of the Commonwealth that the Oversight Board filed on February 9, 2020.

The amended Plan, filed with the U.S. District Court for the District of Puerto Rico, provides greater confidence towards Puerto Rico's path to exit bankruptcy. Bankruptcy has held Puerto Rico back, and confirmation of the amended Plan would reduce the time until Puerto Rico emerges from bankruptcy and the legal costs due to the avoidance of protracted litigation. Puerto Rico must turn the corner to allow businesses to invest, for our economy to grow, and for the people of Puerto Rico to prosper.

For the amended Plan, the Disclosure Statement, and the Plan Support Agreement, visit: <https://oversightboard.pr.gov/documents/>

The Plan's five main elements involve the debt of the central government, the Public Buildings Authority (PBA), and the Employees Retirement System (ERS); claims against the Commonwealth based on revenues historically conditionally appropriated to certain instrumentalities; and general unsecured claims against the Commonwealth, PBA, and ERS.

The Plan represents meaningful concessions by bondholders and other parties holding claims against the Commonwealth, saving billions in debt service that would help protect pensions and government services.

- The amended Plan cuts the Commonwealth's debt and other claims by almost 70%, from \$35 to about \$11 billion, an additional \$1 billion reduction from the initial Plan of Adjustment filed in September 2019

- The Plan ensures sustainable and affordable annual debt service of less than 9% of government own-sourced revenues by reducing the maximum annual debt service by 64%, from \$4.2 billion to \$1.5 billion
- The Plan reduces the Commonwealth's total debt payments (incl. COFINA senior bonds) by 56%, from \$90.4 billion to \$39.7 billion
- The Plan reduces the maturity of new Commonwealth debt to 20 years from 30 years, saving an addition \$5 billion in debt payments as compared to the initial Plan

The amended Plan has support from substantially more creditors than the previous agreement. Holders of over \$10.5 billion of bonds have now signed on to the Plan Support Agreement and have agreed to support the Plan, representing 58% of aggregate general obligation and PBA claims.

The amended Plan does not materially change the agreements the Oversight Board previously reached with the Official Committee of Retirees (COR) and with a group of current government employees represented by the Public Service Union, the Puerto Rico chapter of AFSCME.

- The agreement with retirees restructures pension liabilities for the long-term and protects more than 74% of current and future retirees from any reduction. The recovery rate for retirees on their claim against the Commonwealth is over 95%. The Oversight Board agreed with COR to a flat 8.5% pension cut with a floor so that no one will have their total monthly retirement benefits reduced below \$1,200. Further, the agreement would establish an independently managed pension reserve fund for the PayGo pension system to support payment of pensions over the next 30 years. Finally, if government finances outperform the Fiscal Plan by \$100 million or more in any given year, 10% of the excess would be allocated to retirees up to the amount of their pension cut.

The agreement with AFSCME ensures that collective bargaining agreements will remain in effect for five years following the Plan effective date, reflecting labor terms in the Fiscal Plan. In addition, at least \$1.5 billion of employees' contributions to Sistema 2000 would be restored, including interest the contributions could have accrued before Puerto Rico's bankruptcy. Employer contributions to medical plan for AFSCME members set at \$170 per month, rather than the \$125 provided in the Fiscal Plan. The agreement would provide a \$5 million support fee to AFSCME in recognition of its efforts in serving as lead negotiator, and an additional \$5 million pool to be distributed by AFSCME. AFSCME members who ratify the agreement will receive a \$500 signing bonus. Finally, if government finances outperform the Fiscal Plan by \$100 million or more in any given year, 25% of the excess would be allocated to employees, incentivizing employees to help the government work more efficiently.

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About the Financial Oversight and Management Board for Puerto Rico:

The Financial Oversight and Management Board for Puerto Rico was created under the bipartisan Puerto Rico Oversight, Management and Economic Stability Act (PROMESA) of 2016. The purpose of the Oversight Board is to provide a method for Puerto Rico to achieve fiscal responsibility and access to the capital markets.

Website: [www.oversightboard.pr.gov](http://www.oversightboard.pr.gov)

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